UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

ROBERT GARBER, Individually and On Behalf of All Others Similarly Situated, Plaintiff, vs. UBS AG , PETER A. WUFFLI, CLIVE STANDISH and DAVID S. MARTIN, Defendants.	**CIVIL ACTION NO. 08-CV-00969** CLASS ACTION COMPLAINT **JURY TRIAL DEMANDED**

Plaintiff, Robert Garber ("Plaintiff"), alleges the following based upon the investigation by Plaintiff's counsel, which included, among other things, a review of the defendants' public documents, conference calls and announcements made by defendants, United States Securities and Exchange Commission ("SEC") filings, wire and press releases published by and regarding UBS AG, ("UBS" or the "Company"), securities analysts' reports and advisories about the Company, and information readily available on the Internet, and Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION AND OVERVIEW

1. This is a federal class action on behalf of purchasers of UBS's securities between February 13, 2006 and December 11, 2007, inclusive (the "Class Period"), seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

2. UBS is one of the world's largest financial firms, providing services such as wealth management, investment banking and asset management. The Company serves both corporate and individual clients, with branch offices in over fifty countries, and has a significant presence in the United States. The Company has over twenty-four locations in New York State, including seven in Manhattan alone. Additionally, the Company's United States corporate headquarters is located in New York.

3. On August 14, 2007, the Company shocked investors when it issued its second quarter 2007 financial results, stating: "Continued difficulties in the US mortgage securities market led to lower revenues in the rates business and further losses on some of [its subsidiary's] former portfolios, which contributed net negative revenues of approximately CHF 230 million in second quarter 2007." The Company indicated that it was having difficulties in the US mortgage securities market, and had closed its hedge-fund subsidiary Dillon Read Capital Management ("Dillon Read"). This resulted in lower revenues in the rates business and further losses on some of Dillon Read's former portfolios, which contributed net negative revenues of approximately CHF 230 million in the quarter.

4. Upon the release of this news, the Company's shares fell $2.60 per share, or 4.81 percent, to close on August 14, 2007 at $51.49 per share, on unusually heavy trading volume.

5. On October 12, 2007, *The Wall Street Journal* reported that UBS had shut-down Dillon Read in August and in the process, fired its manager, John Niblo ("Niblo"). The article further reported that UBS was carrying similar securities at higher prices and that the Company was furious when they discovered that Niblo had twice slashed Dillon Read's valuation of subprime securities by nearly $100 million (about 20%), to a level where he "could reasonably sell them."

6. On October 30, 2007, the Company further shocked investors when it announced its third quarter 2007 financial results. For the quarter, the Company reported an operating loss of CHF 726 million (before taxes), resulting in a CHF 830 million net loss attributable to the shareholders. The Company stated that it was introducing changes to improve performance. Such changes included a structure, size of the balance sheet, and a new management team. The Company further stated that its dismal performance for the quarter was due mainly to the US sub-prime residential mortgage-backed securities market, which led to revenues of negative CHF 4.2 billion in the Investment Bank's fixed income, currencies, and commodities business.

7. Finally, on December 10, 2007, the Company revised its outlook for fourth quarter 2007 from an overall group profit to a loss and stated that it was possible that the Company would record a net loss for full year 2007. The Company had revised its assumptions and inputs used to value US sub-prime mortgage related positions, and stated that this would result in further write-downs of $10 billion, primarily on collateralized debt obligation ("CDO") and "super senior" holdings.

8. Upon the release of this news, the Company's shares fell an additional $2.88 per share, or 5.57 percent, to close on December 11, 2007 at $48.78 per share, on unusually heavy trading volume.

9. The Complaint alleges that, throughout the Class Period, Defendants failed to disclose material adverse facts about the Company's financial well-being and prospects. Specifically, defendants failed to disclose or indicate the following: (1) that UBS-held debt securities were severely impaired; (2) that defendants ignored the facts even though they were disclosed to them by executives at Dillon Read, a hedge fund subsidiary of UBS; (3) that defendants knew or should have known that additional securities were impaired, but failed to

write down the portfolio carrying value of these securities; (4) that defendants specifically failed to write down the value of certain CDOs and mortgage-backed securities; (5) that defendants had reported artificially inflated earnings that were based on unsupportable assumptions regarding likely defaults and loan repurchase requirements; (6) that defendants had inadequate reserves for their mortgage-related exposure; (7) that, as a result of the foregoing, the Company's financial statements were materially false and misleading at all relevant times; (8) that defendants had falsely forecasted strong future earnings, even though they knew that the deteriorating mortgage and credit markets would inevitably lead to a significant write-down of the Company's impaired assets; (9) that the Company lacked adequate internal and financial controls; and (10) that, as a result of the foregoing, the Company's statements about its financial well-being and future business prospects were lacking in any reasonable basis when made.

10. As a result of defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class Members have suffered significant losses and damages.

JURISDICTION AND VENUE

11. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act, (15 U.S.C. §§ 78j(b) and 78t(a)), and Rule 10b-5 promulgated thereunder (17 C.F.R. § 240.10b-5).

12. This Court has jurisdiction over the subject matter of this action pursuant to Section 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1331.

13. Venue is proper in this Judicial District pursuant to Section 27 of the Exchange Act, 15 U.S.C. § 78aa and 28 U.S.C. § 1391(b). UBS has numerous offices and branch locations located within this Judicial District, and its United States corporate headquarters is located at

1285 Avenue of the Americas, New York, New York. Additionally, the Company's securities are listed and actively traded on the New York Stock Exchange ("NYSE").

14. In connection with the acts, conduct and other wrongs alleged in this Complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mails, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

15. Plaintiff, Robert Garber, as set forth in the accompanying certification, incorporated by reference herein, purchased UBS's securities at artificially inflated prices during the Class Period and has been damaged thereby.

16. Defendant UBS is a Swiss corporation with its principal executive offices located at Bahnhofstr. 45, P.O. Box, CH-8098, Zurich, Switzerland. The Company's United States corporate headquarters is located at 1285 Avenue of the Americas, New York, New York.

17. Defendant Peter A. Wuffli ("Wuffli") was, at relevant times, the Company's Chief Executive Officer ("CEO") until July 2007.

18. Defendant Clive Standish ("Standish") was, at all relevant times, the Company's Group Chief Financial Officer ("CFO").

19. Defendant David S. Martin ("Martin") was, at relevant times, the Company's Global Head of Interest Rate Products until October 2007.

20. Defendants Wuffli, Standish and Martin are collectively referred to hereinafter as the "Individual Defendants." The Individual Defendants, because of their positions with the Company, possessed the power and authority to control the contents of UBS's reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and

institutional investors, i.e., the market. Each defendant was provided with copies of the Company's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, each of these defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and misleading. The Individual Defendants are liable for the false statements pleaded herein, as those statements were each "group-published" information, the result of the collective actions of the Individual Defendants.

SUBSTANTIVE ALLEGATIONS

Background

21. UBS is one of the world's largest financial firms, providing services such as wealth management, investment banking and asset management. The Company serves both corporate and individual clients, with branch offices in over fifty countries, and has a significant presence in the United States. The Company has over twenty-four locations in New York State, including seven in Manhattan alone. Additionally, the Company's United States corporate headquarters is located in New York.

Materially False and Misleading Statements Issued During the Class Period

22. The Class Period begins on February 13, 2006. On this day, the Company issued a press release entitled, "UBS Reports 2005 Result of CHF 9,844 Million and Fourth Quarter Result of CHF 2,629 Million." Therein, the Company, in relevant part, stated:

> – total 2005 attributable profit, including the gain from the sale of Private Banks & GAM, of CHF 14,029 million

FY 2005

2005 net profit attributable to UBS shareholders (attributable profit) of CHF 9,844 million from continuing operations, with financial businesses contributing CHF 9,442 million, up 28% from 2004 (up 18% pre-goodwill), and RoE of 27.6%

Total 2005 attributable profit of CHF 14,029 million, including a CHF 3,705 million net gain from the sale of Private Banks & GAM

Total net new money for 2005 of CHF 148 billion, up 80%, leading to a 25% gain in invested assets (excluding Private Banks & GAM)

* * *

In the financial businesses, attributable profit from continuing operations was CHF 9,442 million in 2005, an improvement of 28% from a year earlier. Excluding goodwill amortization, which stopped at the end of 2004, profit was up 18%.

"As in 2004, we have achieved another record level of profit. Although markets clearly helped us last year, ***we believe the result also reflects the sustainable earnings power of UBS, based on our client-centric strategy of business focus and growth***," said Peter Wuffli, Chief Executive Officer.

"All our businesses put in a stronger performance in 2005. We saw really constructive developments with revenues growing much faster than costs," said Clive Standish, Chief Financial Officer.

The wealth and asset management businesses had excellent years. Strong client inflows, along with rising markets, drove total invested assets (excluding Private Banks & GAM) up 25% on the year and, in turn, strengthened asset-based fees. Revenues from advising corporate and institutional clients also rose to a record high. This reflected strong capital market activity in 2005 – with the Investment Bank continuing to establish itself as a preferred partner for many major corporations and institutional investors. Buoyant market opportunities, particularly in the second half of the year, pushed trading revenues up. Profits were also helped by another year of credit loss recoveries.

* * *

Outlook

Early indications for 2006 show that business has started on a positive note. Deal pipelines are promising, investors are upbeat and macroeconomic indicators are encouraging. The fundamentals driving the growth of the financial industry remain intact for the time being.

"We are therefore optimistic about the outlook for UBS -- for 2006 and beyond. We now have a strong competitive position in the areas we chose to invest in – among them European wealth management, alternative investments, investment banking, prime brokerage and in Asia Pacific across business lines. These areas are becoming major revenue contributors, allowing us to invest in other opportunities that fit our strategy. This will help us sustain growth as well as our attractiveness to clients, employees and shareholders well into the future," said Peter Wuffli, Chief Executive Officer.

Revised UBS performance indicators

For the last six years, UBS has consistently assessed performance against a set of four measures that were designed to ensure the delivery of continuously improving returns to shareholders. Since then, UBS has evolved, its business and client base have grown. As a result, performance has steadily exceeded targets. In view of this, UBS has decided to modify performance measures. From 2006 onwards, on average through periods of varying market conditions, UBS will:

- seek to increase the value of the firm by achieving a sustainable, after-tax return on equity of a minimum of 20% (UBS previously targeted a range of 15-20%).

- aim to achieve a clear growth trend in net new money for all financial businesses, including Global Asset Management and Business Banking Switzerland. This measure was previously only applied to the wealth management units.

- In the future, use diluted earnings per share (EPS) instead of basic EPS as a reference for the EPS growth target which remains, as before, annual double-digit percentage growth.

The cost / income objective will not change, and UBS will continue to manage it at levels that compare well with its best competitors.

Performance indicators in fourth quarter 2005

UBS's performance from continuing operations shows*:

- return on equity in full-year 2005 at 27.6%, up from 26.3%* in 2004. The increase was driven by higher net profit, but was partially offset by an increase in average equity levels, reflecting the growth in retained earnings.

- basic earnings per share in fourth quarter 2005 at CHF 2.66, up 30% from CHF 2.05* a year ago, reflecting increased earnings and a slight reduction (-2%) in the average number of shares outstanding following share repurchases. Diluted earnings per share, UBS's performance indicator from 2006, were at CHF 2.55 in fourth quarter 2005, up 30% from CHF 1.96* in the same quarter a year earlier.

- a cost / income ratio in the financial businesses of 70.9% in fourth quarter 2005, down 0.7 percentage points from 71.6%* a year ago. This reflects the increase in net fee and commission income and trading revenues, partly offset by higher costs related to personnel – mainly related to the expansion of business volumes.

* * *

Investment Bank

Pre-tax profit at the Investment Bank in 2005 was CHF 5,181 million, up 12% from 2004. Before goodwill, pre-tax profit was up 6%. The result was driven by revenues in investment banking (up 31%) and in equities (up 18%), reflecting the successful expansion in significant growth areas such as M&A, in particular in the US and Asia Pacific, equity derivatives and prime brokerage. Results in the fixed income, rates and currencies business were slightly lower than last year's all-time high. Lower revenues in structured credit – mainly driven by lower volumes and following the turmoil in the automotive sector in second quarter 2005 – were offset by an increase in the rates business. Costs at the Investment Bank increased as the businesses continued to expand. The full-year compensation ratio, at 53%, rose two percentage points between

2004 and 2005. Client-facing business areas, which are more service intensive but use less capital, saw faster growth this year.

In fourth quarter 2005, pre-tax profit was CHF 1,372 million, up 8% from the same period last year. Before goodwill, pre-tax profit was up 2%. Strong revenues in investment banking, equity derivatives and prime brokerage were offset by an increase in costs, primarily for personnel and IT.

The equities business reported revenues of CHF 1,916 million in fourth quarter 2005, up 20% from the same period in 2004. Income rose primarily in the areas of focus – the derivatives and prime brokerage areas. Revenues from the structured product business in Asia also rose strongly. Cash revenues decreased and proprietary trading was down from 2004, reflecting losses in the challenging market conditions at the beginning of fourth quarter 2005, which were only partially offset by strong revenues when the market rebounded as the quarter closed.

Fixed income, rates and currencies revenues were CHF 1,817 million in fourth quarter 2005, essentially flat on the same period a year earlier. Revenues in the rates business were up against the prior year as a result of rising revenues in energy trading and derivatives. Credit fixed income experienced a drop in revenues compared with the prior year, with declines seen in certain credit trading businesses. These declines were partially offset by stronger primary debt markets and leveraged finance revenues. In municipal securities, revenues fell compared to the prior year, primarily due to a drop in derivatives distribution revenues, which was partly offset by higher cash origination revenues. Principal finance experienced a decline in revenues, whereas commercial real estate saw a strong rise, driven mainly by securitizations. While the foreign exchange and cash and collateral business benefited from increased client volumes in most segments and improved conditions in foreign exchange spot markets, overall revenues were lower than a year earlier. Metals and commodities saw increased volumes and revenues as a result of rising client activity and the Investment Bank's entry into the base metals product segment.

Investment banking revenues, at CHF 850 million in fourth quarter 2005, rose 43% from fourth quarter 2004. This strong performance emphasizes the continued momentum of the franchise, with revenue growth seen in both Europe and Asia Pacific. Revenues from the advisory business were up on the prior year as clients took advantage of strategic opportunities. Similarly, both the debt and equity capital markets businesses saw significant increases on

> the prior year, driven by a strong market environment. Syndicated finance revenues were also up strongly.
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> ***Market risk for the Investment Bank, as measured by the average 10-day 99% Value at Risk (VaR), fell to CHF 315 million in fourth quarter, from CHF 343 million in third quarter.*** [Emphasis added. Internal references omitted.]

23. On March 21, 2006, UBS filed its Annual Report with the SEC on Form 20-F. The Company's 20-F was signed by Defendants Wuffli and Standish, and reaffirmed the Company's financial results previously reported on February 13, 2006.

24. The Company's 20-F filed on March 21, 2006 also contained Sarbanes-Oxley required certifications, signed by Defendants Wuffli and Standish, who stated:

> I, [Peter A. Wuffli / Clive Standish], certify that:
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> 1. I have reviewed this annual report on Form 20-F of UBS AG;
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> 2. Based on my knowledge, this report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
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> 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
>
> 4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:
>
> (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
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> (b) [Omitted in accordance with the guidance of SEC Release No. 33-8238];

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

* * *

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), [Peter A. Wuffli / Clive Standish] undersigned officer of UBS AG, a Swiss banking corporation (the "Company"), hereby certifies, to such officer's knowledge, that:

The Annual Report on Form 20-F for the year ended December 31, 2005 (the "Report") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m or 78o(d)) and information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

25. On May 4, 2006, the Company issued a press release entitled, "UBS Reports First Quarter 2006 Result of CHF 3,504 Million." Therein, the Company, in relevant part, stated:

UBS reports first quarter 2006 result of CHF 3,504 million

- Net profit attributable to UBS shareholders of CHF 3,504 million (including net CHF 290 million gain from sale of Motor-Columbus)
- Attributable profit from continuing operations of CHF 3,190 million in first quarter
- Financial businesses contributed CHF 3,048 million to first quarter attributable profit, up 32%
- Diluted EPS of CHF 3.08, up 32% from a year earlier, and ROE of 30.6%, both well above UBS's revised key performance indicators
- Best quarterly performance on record, reflecting firm's strong position in all business lines, impact of rising markets on trading businesses and growing asset base in wealth and asset management businesses
- Net new money was a very strong CHF 48 billion in first quarter, with CHF 33.6 billion inflow from wealth management businesses worldwide.

UBS reports net profit attributable to its shareholders ("attributable profit") of CHF 3,504 million in first quarter 2006. Excluding the operating result from Motor-Columbus and gain from its sale, attributable profit rose 29% in first quarter 2006 from a year earlier.

UBS's industrial holdings, including its private equity portfolio, contributed CHF 456 million, or 13%, to UBS's attributable profit. Its Financial Businesses contributed CHF 3,048 million.

"The strong position we have in our areas of focus allowed us to take full advantage of the positive environment, producing our best quarterly performance ever. Our trading businesses benefited from the healthy rise in financial markets, with the growing asset base in our wealth and asset management businesses driving recurring income higher," said Clive Standish, Chief Financial Officer.

Total operating income for UBS's financial businesses was CHF 12,380 million in first quarter 2006, 26% higher than the same quarter a year earlier. Net fee and commission income, which comprised 50% of overall operating income in first quarter, remained very strong. High brokerage and investment fund fees and a record result in portfolio and other management fees more

than offset higher commission expenses – which were up because of increased client activity. Net income from interest margin products rose, mainly due to growing margin lending volumes in the wealth management businesses. Total operating expenses were CHF 8,405 million in first quarter 2006, an increase of 25% from CHF 6,720 million a year earlier.

Overall performance was further helped by another quarter of credit loss recoveries. The number of personnel in the financial businesses was 70,210 on 31 March 2006, up 641 from 69,569 on 31 December 2005, with staff levels increasing across most businesses. In the Americas, personnel levels rose by 220, in Asia Pacific 470 and in Europe 334. In Switzerland, staff numbers fell by 383, reflecting the transfer of UBS's facility management activities to Edelweiss. Excluding the impact of the management buyout, staff levels in Switzerland would have risen by 267.

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Outlook

The benign environment seen at the start of the year has continued, and UBS has maintained or further improved its strong position in all businesses. Deal pipelines remain promising, client flows healthy, capital markets active, and macroeconomic fundamentals stable.

"We remain confident in the outlook for UBS, even if conditions change. To ensure we continue to make the most of business opportunities, whatever the environment, we will apply discipline towards both costs and management of all forms of risk, while further investing in our areas of strategic focus," said Clive Standish.

* * *

Performance against the new targets

UBS's performance from continuing operations against the new performance indicators in first quarter 2006 shows:

- annualized return on equity at 30.6%, practically unchanged from 30.7% in the same quarter a year earlier and well above the 20% minimum. Higher attributable net profit was offset by an increase in average equity following strong retained earnings.

- diluted earnings per share at CHF 3.08, up 32% or CHF 0.74 from CHF 2.34 in the same quarter a year earlier, reflecting the increase in net profit and a 2% reduction in the average number of shares outstanding as UBS continued to repurchase shares.

- a cost / income ratio in the financial businesses of 68.4%, slightly below the 69.5% shown in the same quarter last year. The strong increase in operating income reflected higher revenues in all businesses. It was only partially offset by the increase in personnel and general and administrative expenses.

- net new money at a very strong CHF 48.0 billion, up from CHF 35.2 billion a year earlier.

* * *

Investment Bank

Pre-tax profit at the Investment Bank in first quarter 2006 was CHF 1,750 million, up 34% from first quarter 2005, making it the most profitable quarter ever. Revenue growth in all three business areas more than offset the increase in expenses. Cost levels rose mainly due to higher personnel expenses, reflecting revenue and business growth and the inclusion of the provision for the settlement agreement with Sumitomo Corporation. Compared with fourth quarter 2005, pre-tax profit was up 28%.

Total operating income in first quarter 2006 was CHF 5,970 million, up 36% from the same quarter a year earlier.

The equities business posted a very strong result with revenues of CHF 2,844 million, up 73% from the same period in 2005, as the improvement in market conditions seen towards the end of last year continued into first quarter 2006. Significant growth was seen in the derivatives business, particularly in Asia, as well as in prime brokerage. Cash equity revenues reported very strong growth as a result of volume increases in both Europe and Asia. Proprietary trading performed well. Exchange-traded derivatives and equity-linked products also had a good quarter, benefiting from a recovery in convertibles markets. Revenues were further enhanced by gains on NYSE membership seats, which were exchanged into shares when it went public, and the partial disposal of a stake in Babcock & Brown, a global investment firm focusing on structured finance and the syndication of assets. Compared with fourth quarter 2005, equities revenues rose 48%, with increases in most businesses.

Fixed income, rates and currencies revenues were CHF 2,448 million in first quarter 2006, up 7% from the same quarter a year ago. This reflects solid performances in established businesses, and the strengthening of the US dollar against the Swiss franc. Fixed income saw increases in the rates business, underpinned by a strong performance in derivatives. Commodities revenues, mainly in energy, were up significantly from first quarter 2005. Metals overall also performed very well, especially in the precious metals environment, as a result of significantly increased demand for and price volatility in gold. Despite increased revenues in high yield trading, however, the credit fixed income business was down overall. Credit default swaps hedging loan exposures recorded losses of CHF 95 million, compared with gains of CHF 91 million a year ago. Municipal securities essentially remained flat on the prior year. Principal finance saw a higher result while commercial real estate recorded a decline. Performance in the foreign exchange and cash and collateral trading businesses was very strong across the board, benefiting from strong volume increases and generally favorable trading conditions. Compared with fourth quarter 2005, fixed income, rates and currencies revenues were up 35%, with revenue increases in practically all businesses.

Investment banking revenues, at CHF 666 million, rose 43% from first quarter 2005. This strong performance reflected revenue growth in all regions, particularly in Europe. Revenues from the advisory business saw significant increases this quarter in comparison with the same period last year. Debt and equity capital markets growth was not quite as high, while revenues from the syndicated finance business achieved solid results. Compared with the seasonally strong and record fourth quarter 2005, investment banking revenues were down 22% overall with only syndicated finance reporting increased revenues.

Market risk for the Investment Bank, as measured by the average 10-day 99% Value at Risk (VaR), increased to CHF 429 million in first quarter 2006, from CHF 315 million in fourth quarter 2005. Interest rate risk remained the largest portion of the overall Investment Bank VaR, but the contribution of equities gained in significance over the period. [Emphasis added.]

26. Also on May 4, 2006, the Company filed its Quarterly Report with the SEC on Form 6-K. The Company's 6-K was signed by Defendants Wuffli and Standish, and reaffirmed the Company's financial results announced in its press release of the same day.

27. On August 15, 2006, the Company issued a press release entitled, "UBS Reports Second Quarter 2006 Result of CHF 3,147 Million." Therein, the Company, in relevant part, stated:

> - Net profit attributable to UBS shareholders of CHF 3,147 million, up 47% from a year earlier
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> - Attributable profit from continuing operations of CHF 3,088 million in second quarter, up 49% from a year earlier
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> - Financial businesses contributed CHF 3,032 million to attributable profit, up 51% from the same period a year earlier (from continuing operations) – just 0.5% short of the record achieved in first quarter 2006
>
> - Diluted EPS of CHF 1.48 in second quarter 2006 was up 51% or CHF 0.50 from CHF 0.98 a year earlier. Annualized ROE reached 29.6% in first half 2006 Overall new money was healthy at CHF 36.3 billion in second quarter, with CHF 31.2 billion inflow from wealth management businesses worldwide
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> - In first half 2006, attributable profit from financial businesses was CHF 6,080 million, up 34% from CHF 4,538 million in the same period a year earlier
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> ***UBS reports net profit attributable to its shareholders ("attributable profit") of CHF 3,147 million in second quarter 2006, up from CHF 2,147 million in the same period a year earlier.***
>
> Financial businesses contributed CHF 3,032 million to attributable net profit, up 51% from a year earlier (from continuing operations). The result was close to the all-time record set in first quarter 2006. In first half 2006, attributable profit from the financial businesses was CHF 6,080 million, up from CHF 4,538 million in the same period a year earlier.

UBS's industrial holdings, which now comprise only the private equity portfolio, contributed CHF 115 million, or 3.7%, to UBS's second quarter attributable profit.

"Our performance was strong – and achieved despite the market reversal in the middle of May. Recurring income continued to benefit from the high levels of invested assets. Underwriting fees were at a record. Corporate finance and brokerage fees rose, as did revenues from trading activities," said Clive Standish, Chief Financial Officer.

Total operating income from the financial businesses rose to CHF 12,057 million in second quarter 2006, up 33% from the same period a year earlier. Asset-based revenues, such as fees from investment funds or portfolio management, continued to benefit from the high levels of invested assets. Underwriting fees were at a record on growth in equity underwriting across the globe. In investment banking, UBS did especially well in Asia, including acting as joint global coordinator and bookrunner in the initial public offering of the Bank of China. Corporate finance fees were up from the same period a year earlier in the brisk merger and acquisition environment. Brokerage fees from institutional and private clients rose, with activity being especially vigorous at the beginning of the quarter. Revenues from trading activities rose in all products. In equities, the rise was led by derivatives and the expansion of prime brokerage. Fixed income saw increases in mortgage-backed securities and derivatives. Foreign exchange trading revenues also rose. Net income from interest margin products rose due to growing margin lending volumes in the wealth management businesses.

Overall performance was further helped by gains on the disposal of financial investments held in the Investment Bank.

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Outlook

The more difficult trading conditions that developed towards the end of the second quarter have continued. Growing geopolitical concerns, combined with worries about the pace of future economic growth, inflation and the implications for monetary policy and interest rates, continue to affect investor activity and invested asset levels. ***This could indicate a return to a more normal seasonal pattern for financial firms, where a strong start to the year is followed by softening performance in the second half.***

On the other hand, corporate sector balance sheets and profits remain robust, merger and acquisition activity strong, and the secular growth drivers for the wealth and asset management industry remain intact. The deal pipeline of the Investment Bank remains healthy.

"When market conditions become more difficult, the trust that clients have in our advice becomes especially important. We believe this will be another year of strong results," said Peter Wuffli, Chief Executive Officer.

Performance against targets

UBS focuses on four key performance indicators, designed to ensure the delivery of continuously improving returns to shareholders. The first two indicators, return on equity and diluted earnings per share, are calculated on a full UBS basis. The cost/income ratio and net new money indicators are limited to the financial businesses. Results show:

Annualized return on equity from continuing operations at 29.6% in first half 2006, up from 26.9% in the same period a year earlier, and well above UBS's target of 20% minimum over the cycle. Higher attributable net profit was offset by an increase in average equity from retained earnings.

Diluted earnings per share from continuing operations of CHF 1.48, up 51% or CHF 0.50 from CHF 0.98 in the same quarter a year earlier, reflecting the increase in net profit and a 2% reduction in the average number of shares outstanding on further share buybacks. These figures reflect the 2-for-1 share split made on 10 July 2006.

A cost/income ratio in the financial businesses of 66.7%, down from 71.2% in the same quarter last year. The improvement reflected higher revenues in all businesses, outpacing the increase in personnel and general and administrative expenses.

* * *

Invested assets

Invested assets totaled CHF 2,657 billion at the end of June, down 4% from 31 March 2006, with the effects of the US dollar's decline against the Swiss franc and market movements being greater than net new money.

* * *

Investment Bank

Pre-tax profit in second quarter 2006 was CHF 1,754 million, up 57% from second quarter 2005. Higher revenues in all three business areas more than offset the increase in expenses. Cost levels rose due to higher personnel and general and administrative expenses, mainly reflecting business growth. Compared with first quarter 2006, pre-tax profit was almost unchanged.

Total operating income in second quarter 2006 was CHF 5,715 million, up 50% from the same quarter a year earlier.

The equities business posted revenues of CHF 2,280 million in second quarter 2006, up 59% from the same period in 2005. While the quarter started well, investor concerns about the direction of interest rates and higher inflation prompted market conditions to turn less favorable as the quarter progressed. UBS saw significant growth in its derivatives business, particularly in the Americas. Primary revenues increased partly from UBS's role as joint global coordinator and bookrunner of Bank of China's IPO. Cash equity revenues saw solid growth across all regions as volumes increased in the first part of the quarter. Prime brokerage services continued to grow strongly, reflecting the increase in client numbers and customer balances. Equity linked products also had a good quarter, benefiting from the continued recovery in convertibles markets. Revenues were further enhanced by gains on the sale of UBS's stakes in the London Stock Exchange and Babcock & Brown. Compared with first quarter 2006, equities revenues were down 20%. Most businesses, except for prime brokerage, experienced declines.

Fixed income, rates and currencies revenues were CHF 2,626 million in second quarter 2006, up 50% from the same quarter a year ago. The rates business saw strong performances in mortgage backed securities and derivatives, offsetting a decrease in revenues in energy trading. The credit business saw a year-on-year increase driven by structured investment grade credit trading. UBS recorded a loss of CHF 30 million relating to Credit Default Swaps (CDSs) hedging its loan exposures, compared with zero in second quarter 2005. Municipal securities revenues were down due to a drop in overall market origination activity, which fell from a very strong prior year quarter. Metals, in particular precious metals, performed very well in volatile markets. The business activities managed by DRCM on behalf of the Investment Bank recorded higher revenues in second quarter compared with the same period a year earlier. The quarter also saw record results in the foreign exchange and cash and collateral trading businesses as UBS successfully

converted the larger volumes into higher revenues. The gain on the sale of its stake in EBS Group (formerly Electronic Broking Services) also contributed to the result. Compared with first quarter 2006, fixed income, rates and currencies revenues were up 7%, with revenue increases seen in most businesses.

Investment banking revenues, at CHF 795 million, rose 33% from second quarter 2005. This reflected revenue growth in all regions, particularly in Asia Pacific where UBS's role in the Bank of China IPO was a highlight of the quarter. Revenues from the advisory business showed solid increases. Equity capital markets and leveraged finance saw very strong improvements, while debt capital markets revenues were down from the record result achieved last year. Compared with first quarter 2006, investment banking revenues were up 19%, with growth seen in all businesses.

* * *

Market risk for the Investment Bank, as measured by the average 10-day 99% confidence Value at Risk (VaR), fell to CHF 408 million in second quarter 2006 from CHF 429 million in first quarter 2006. Quarter-end VaR was also lower at CHF 390 million compared with CHF 436 million at the end of the previous quarter. Interest rate risk remained the largest contributor to overall Investment Bank VaR while the contribution of equities fell in significance over the period. [Emphasis added.]

28. Also on August 15, 2006, the Company filed its Quarterly Report with the SEC on Form 6-K. The Company's 6-K was signed by Defendants Wuffli and Standish, and reaffirmed the Company's financial results announced in its press release of the same day.

29. On October 31, 2006, the Company issued a press release entitled, "UBS Reports Third Quarter 2006 Result of CHF 2,199 Million." Therein, the Company, in relevant part, stated:

- Net profit attributable to UBS shareholders of CHF 2,199 million, down 21% from a year earlier. Net profit from continuing operations was down 15%

- Financial businesses contributed CHF 2,114 million to attributable profit from continuing operations, down 16% from the same period a year earlier

- Diluted EPS of CHF 1.07 in third quarter 2006, down 13%, or CHF 0.16 from CHF 1.23 a year earlier. Annualized ROE at 25.8% in first nine months of 2006, well above UBS's target of 20% minimum over the cycle

- Overall net new money at very healthy CHF 41.9 billion in third quarter, with CHF 26.8 billion inflow from wealth management businesses worldwide

- Financial businesses contributed CHF 8,194 million to attributable profit (from continuing operations) in nine months to September, up 20% from CHF 6,845 million a year earlier

UBS reports net profit attributable to its shareholders of CHF 2,199 million in third quarter 2006, down 21% from CHF 2,770 million in the same period a year earlier. Net profit from continuing operations was down 15%.

UBS's industrial holdings, which now comprise only the private equity portfolio, contributed CHF 81 million to third quarter attributable profit.

Financial businesses contributed CHF 2,114 million to attributable net profit from continuing operations. This is 30% lower than second quarter 2006 and 16% below the third quarter 2005 result. Operating income fell 13% from second quarter 2006, in the context of weaker markets and in the absence of disposal gains, which benefited results in second quarter.

"We felt the effects of the May and June market correction in the first part of this quarter as sentiment did not really improve until September -- which is why we were not able to match the very strong performance in the first half," said Clive Standish, Chief Financial Officer.

Compared to third quarter a year earlier, income was up 1%. Weaker revenues from trading activities, mainly in the equities and rates businesses in the Investment Bank, were offset by improvements in other areas, such as fee and commission income, which comprised 58% of overall operating income in third quarter 2006.

* * *

Net income from trading activities was down 15% from a year ago. Equities trading income declined 25%, as markets in third quarter

were relatively quiet in contrast to a year earlier - when they were exceptionally buoyant. Fixed income trading revenues decreased 15%, reflecting a fall in derivatives trading in the US and Europe, partly offset by resilient client-driven revenues in the rates business.

* * *

Outlook

A discernible pick-up in market activity in September has carried over into a good start to the fourth quarter. Equity indices have climbed to new records. ***Short-term expectations for economic growth are positive, industry deal pipelines and investor confidence intact. UBS's competitive strength will allow it to capture revenue opportunities around the world while it continues to execute strategy and invest in its areas of focus.***

Developments in the world's financial markets – which remain an important driver in many of UBS's businesses – are never fully predictable. Thanks to the strong performance in the first half of 2006 and the resilience of UBS's revenues through a difficult summer, results for the first nine months are significantly stronger than in the same period a year ago. Financial businesses net profit attributable to shareholders (from continuing operations) in the nine months to 30 September 2006 was CHF 8,194 million, up 20% from CHF 6,845 million a year earlier.

"At this point, it looks as though we will remember 2006 as another record year for UBS – in terms of both financial results and strategic progress," said Clive Standish.

Performance against targets

UBS focuses on four key performance indicators, designed to ensure the delivery of continuously improving returns to shareholders. All are calculated based on results from continuing operations. The first two, return on equity and diluted earnings per share, are based on the results of the entire firm. The cost/income ratio and net new money indicators are limited to the financial businesses. On this basis, performance indicators in third quarter 2006 show:

- annualized return on equity was 25.8% in the first nine months of 2006, down from 27.4% in the same period a year earlier, but well above our target of 20% minimum

over the cycle. The decrease was driven by the growth in the average equity base, only partially offset by higher annualized profit.

- diluted earnings per share of CHF 1.07, down 13% or CHF 0.16 from CHF 1.23 in the same quarter a year earlier, reflecting the decrease in net profit, partly offset by a 2% reduction in the average number of shares outstanding following continued share buybacks.

- a cost/income ratio in the financial businesses of 73.8%, up from 68.9% in the same quarter last year. Revenues remained practically flat, while costs rose, mainly on higher general and administrative expenses related to the expansion of the business and investment in support of further growth. Costs were also up on higher salary expenses.

* * *

Invested assets

Invested assets totaled CHF 2,879 billion at the end of September, up 8% from 30 June 2006, benefiting from rising financial markets, the inclusion of the Piper Jaffray branch network and the rise in the US dollar against the Swiss franc.

Investment Bank

The Investment Bank's pre-tax profit was CHF 1,083 million in third quarter 2006, down 22% from the same period a year earlier. Lower revenues in equities and fixed income, rates and currencies were partly offset by a significant increase in investment banking revenues. Expenses primarily rose on investments in IT infrastructure and business expansion initiatives.

Total operating income in third quarter 2006 was down 4% from the same quarter a year earlier.

Equities business revenues fell 13% from the same period in 2005. Most businesses, except for prime brokerage and exchange traded derivatives, reported declines. Overall, cash equities revenues decreased due to increased facilitation requirements by clients in the US and Europe. These movements were partly offset by higher commissions following increased volumes in global markets. Revenues in the derivatives business decreased primarily due to fewer business opportunities in Asia Pacific. Prime brokerage services continued to grow, reflecting the increase in client

numbers and customer balances. Proprietary revenues fell in comparison to third quarter 2005. Compared with second quarter 2006, equities revenues were down 24% as most businesses, except for proprietary trading, reported declines. This mainly reflected the gains on the sale of participations recorded in second quarter 2006 and overall portfolio performance.

Fixed income, rates and currencies revenues were down 7% from the same quarter a year ago. Client-driven revenues in the rates business were resilient although UBS experienced lower revenues from derivatives trading in the US and Europe. Revenues in mortgage-backed securities and energy trading were up. Compared with last year, the credit businesses delivered a solid result, especially in the area of leveraged finance and structured credit, reflecting a high number of deals completed in third quarter. Municipal securities revenues were down compared with a year earlier. Foreign exchange and cash and collateral trading revenues increased, positively impacting performance. The business also benefited from increased revenues in the metals business. Compared with second quarter 2006, fixed income, rates and currencies revenues were down 25%, with lower rates and foreign exchange revenues partially offset by increases in the securitized products and municipal securities businesses.

Investment banking revenues rose 35% from third quarter 2005 – the best third quarter performance in the last five years. All regions, especially Europe and Asia Pacific, benefited from the positive environment for mergers and acquisitions. Revenues from the advisory business increased as clients took advantage of strategic opportunities. The capital markets business saw solid growth in debt capital markets and leveraged finance. Compared with second quarter 2006, investment banking revenues were essentially unchanged.

* * *

Market risk for the Investment Bank, as measured by the average 10-day 99% confidence Value at Risk (VaR), increased to CHF 453 million in third quarter 2006 from CHF 408 million in second quarter. VaR was reduced towards the end of the quarter to CHF 398 million, only slightly higher than the previous quarter-end level of CHF 390 million. [Emphasis added.]

30. Also on October 31, 2006, the Company filed is Quarterly Report with the SEC on Form 6-K. The Company's 6-K was signed by Defendants Wuffli and Standish, and reaffirmed the Company's financial results announced in its press release of the same day.

31. On February 13, 2007, the Company issued a press released entitled, "UBS Reports 2006 Result of CHF 12,257 Million and Fourth Quarter Result of CHF 3,407 Million." Therein, the Company, in relevant part, stated:

> UBS reports net profit attributable to shareholders of CHF 12,257 million in 2006. Continuing operations contributed CHF 11,491 million and discontinued operations CHF 766 million.
>
> Financial businesses' attributable profit from continuing operations was a record CHF 11,249 million in 2006, up 19% from the same period a year earlier.
>
> ***"We are pleased to report that 2006 was another record year for UBS. The performance of our financial businesses improved for the fourth consecutive year. Even more importantly, we took a number of strategic steps to expand and develop our business in line with our growth ambitions,"*** said Peter Wuffli, Chief Executive Officer.
>
> UBS realized four significant acquisitions in 2006, three of which have already been completed. They will close important competitive gaps and help accelerate growth, particularly with regard to Banco Pactual in Latin America. The results of all businesses improved notably in 2006 from a year earlier. Net new money from clients totaled CHF 151.7 billion, with CHF 113.3 billion contributed by the wealth management businesses, which experienced strong client flows all around the world, and particularly in Asia and Europe. As a result of the strong inflows and rising markets, invested assets nearly reached the CHF 3 trillion mark. Recurring fees, including asset-based revenues and income from private client lending businesses, were up significantly compared with 2005. Brokerage fees rose as well, reflecting the vigorous levels of financial market trading activity from institutional and private clients.

* * *

> **Outlook**
>
> UBS combines global scale and focus on growth in a unique way. Its businesses occupy strong market positions in those segments of the financial industry that are expected to grow significantly faster than the economy as a whole over the long term. In the short term, as the economic cycle matures, investors might become more sensitive to any disappointing political or economic developments, so UBS's top-class risk control remains paramount. ***However, for UBS, 2007 has started on a positive note, with a strong deal pipeline and continued investor confidence and activity. With a global presence that is balanced across the Americas, Europe and Asia Pacific, the building blocks of its growth strategy are firmly in place.***
>
> ***"Last year we made a highly concentrated number of acquisitions while investing heavily in organic growth. In 2007, our focus will be on integrating our new areas of activity and we expect to start seeing the benefits from them materializing for our clients and shareholders," said Peter Wuffli.*** [Emphasis added.]

32. Also on February 13, 2007, the Company filed its Quarterly Report with the SEC on Form 6-K. The Company's 6-K was signed by Defendants Wuffli and Standish, and reaffirmed the Company's financial results announced in its press release of the same day.

33. On March 21, 2007, the Company filed its Annual Report with the SEC on Form 20-F. The Company's 20-F was signed by Defendants Wuffli and Standish, and reaffirmed the Company's financial results previously announced on February 13, 2007. The Company's 20-F also contained Sarbanes-Oxley required certifications, similar to the certifications contained in ¶ 24, *supra*.

34. On March 13, 2007, Reuters published an article entitled "Massachusetts Subpoenas Firms On Subprime Research." The article, in relevant part, stated:

> Massachusetts ordered two prominent Wall Street financial firms on Tuesday to provide information on their subprime research in the first probe by a U.S. state into possible conflicts of interest over the troubled mortgage lenders.

State authorities subpoenaed UBS AG's UBS Securities LLC and Bear Stearns Cos. over their research analysis of lenders specializing in making loans to high-risk borrowers, including New Century Financial Corp., one of the biggest U.S. subprime lenders.

"We've got some serious questions based upon what we know of the facts relating to the recommendations, the coverage by UBS and Bear Stearns specifically," Secretary of State William Galvin told Reuters after announcing the subpoenas.

* * *

Galvin said UBS upgraded New Century 16 days after its Feb. 7 earnings restatement, while Bear Stearns upgraded the lender on March 1, the day it said its annual report was delayed.

"We want to know if there were any conflicts. Were there relationships, investment banking relationships? Did the brokerage company have a financial position in the company? Were there hedge fund clients that might have had those," Galvin said.

The subpoenas, which require responses by March 27, seek all documents created by any subprime lending analyst at the two investment firms.

They also seek information about the fees, commissions and other compensation earned by the firms relating to any subprime lender and any other documents sent between company personnel and hedge fund clients invested in a subprime lender.

UBS declined to comment on the matter but a spokeswoman said: "We are proud of our track record in research."

* * *

MOVING RAPIDLY

Galvin said the upgrades show that the industry was not standing by the commitments made in 2003, when leading securities firms paid $1.4 billion to settle charges that they misled investors with tainted stock research. [Emphasis added.]

35. On May 3, 2007, the Company issued a press release entitled "UBS Reports First Quarter Result of CHF 3,275 Million." Therein, the Company, in relevant part, stated:

UBS reports net profit attributable to shareholders of CHF 3,275 million in first quarter 2007. This figure comprises both continuing and discontinued operations, resulting in a decline of CHF 229 million from first quarter 2006, when results included a CHF 290 million after-tax gain from the sale of Motor-Columbus.

In UBS's core operational businesses (financial businesses attributable profit from continuing operations), profit was a record CHF 3,182 million in first quarter 2007, up 4% from both first and fourth quarter 2006. Performance was driven by revenue growth in all businesses, despite negative trading revenues from the Investment Bank's proprietary capital managed by DRCM of approximately CHF 150 million in the context of difficult market conditions in US mortgage securities.

"Fee and commission income has reached its highest level since 2001, and represents more than half of our total income. Invested asset levels totalled CHF 3.1 trillion, up 4% from the beginning of the year, reflecting strong net new money inflows. This drove asset-based fees up in both the wealth and asset management businesses," said Clive Standish, UBS Chief Financial Officer.

* * *

Net income from trading businesses rose in first quarter 2007, with equities, in particular, being positively impacted by favorable market conditions in Europe and Asia Pacific. The prime services business benefited from increased client balances and fixed income revenues improved compared with the same quarter last year on strong performances in the structured credit, global credit strategies and syndicated finance businesses. Foreign exchange and cash collateral trading was strong across the board, with high volumes more than offsetting the effect of global increases in interest rates. Emerging markets, base metals and structured products all had a very strong quarter marked by significant growth.

The record first quarter 2007 performance shows the strength of the wealth management business, whose power remains unmatched across the industry. Wealthy clients around the globe entrusted UBS with a total of CHF 44.8 billion in net new money in first quarter, 85% of the total net new money inflow.

* * *

Outlook

While it is likely that the economic expansion in the US will slow down over the next few months, there is increasing evidence from global macroeconomic data – most notably from Europe and major emerging markets – that the rest of the world economy is in good shape. In particular, UBS does not expect the difficulties being experienced in the US mortgage market to have a negative long-term effect on a global scale.

UBS is convinced that clients will increasingly seek its advice, with financial markets just as challenging as ever. The deal pipeline remains strong and its business model and balanced global presence provide it with many opportunities.

"Over the course of 2007, we will concentrate on consolidating the investments we initiated last year. We will also continue to manage capital, risk and costs in disciplined fashion – and in line with market developments. The performance of our business – in common with the financial industry – tends to be stronger in the first quarter of the year than in the summer. In the past, we have repeatedly proven our strength in delivering strong returns throughout the business cycle, which makes us confident that 2007 will be another successful year of growth for UBS," said Clive Standish.

* * *

Invested assets

Invested assets, benefiting from net new money and rising financial markets, totaled CHF 3,112 billion on 31 March 2007, up 4% from 31 December 2006.

* * *

Investment Bank

In first quarter 2007, pre-tax profit was at an all-time quarterly record of CHF 1,801 million, up 3% from the performance a year earlier.

Total operating income in first quarter 2007 was a record CHF 6,260 million, up 5% from the same quarter a year earlier.

The equities business posted record revenues of CHF 3,128 million in first quarter 2007, up 10% from first quarter 2006, when it benefited from gains on NYSE membership seats. All businesses reported stronger revenues, but the most significant gains were in derivatives, proprietary trading, and equity capital markets. Prime

brokerage revenues continued to grow as the number of clients increased and average balances rose, although this was partly offset by lower client spreads.

Fixed income, rates and currencies revenues were CHF 2,265 million, down 7% from the same quarter a year ago. ***Difficult market conditions in the US mortgage securities market led the business activities managed by DRCM to record losses. Revenues from the other parts of the FIRC business were up 19% from a year earlier.*** Credit fixed income saw significant growth across all aspects of the business. Emerging markets revenues also saw a strong increase. ***Performance in the rates business was down overall. A solid result in mortgage-backed securities, which benefited from high market volumes in Europe and Japan, was not enough to offset results from derivatives and government bonds, both of which fell – largely due to a flat yield curve and lower volatility.*** Trading revenues in power and gas fell in first quarter 2007 from the same period a year earlier, while sales and trading in both commodities structured products and crude oil rose considerably. Performance in the foreign exchange and cash and collateral trading businesses was very strong across the board, as high volumes more than offset the continued pressure on spreads. Emerging markets, base metals, prime services and structured products all had a very strong quarter marked by significant growth.

Investment banking revenues, at CHF 865 million, rose 30% from first quarter 2006. This is a record for a first quarter, reflecting revenue growth in all regions, particularly in the Americas and Asia. Revenues from the advisory business grew strongly in a buoyant environment in which market share improved in all regions. The capital markets business also saw significant growth, led by equity capital markets and leveraged finance.

* * *

Market risk for the Investment Bank, measured by average VaR (10-day, 99% confidence, 5 years of historical data) increased to CHF 517 million in first quarter 2007 from CHF 391 million in fourth quarter 2006, while the range (the difference between maximum and minimum VaR) increased to CHF 258 million from CHF 162 million. As mentioned in fourth quarter 2006, the integration of Pactual from 1 December 2006 has resulted in an increase in average VaR for the Investment Bank. [Emphasis added.]

36. Also on May 3, 2007, the Company filed its Quarterly Report with the SEC on

Form 6-K. The Company's 6-K was signed by Defendants Wuffli and Standish, and reaffirmed the Company's financial results announced in its press release of the same day.

37. On July 6, 2007, the Company issued a press release entitled "Marcel Rohner appointed Group CEO, effective immediately." Therein, the Company, in relevant part, stated:

> ***Effective today, the Board of Directors has named UBS Deputy Group CEO Marcel Rohner as UBS Group CEO***. Marcel Rohner has been a member of the Group Executive Board since 2002 and was named Deputy Group CEO in January 2006. As Chairman and CEO of Global Wealth Management & Business Banking, he has, over the last few years, managed the business that has made the largest contribution to the firm's revenues and profit. ***UBS's current Group CEO, Peter Wuffli, will relinquish all of his functions at UBS and leave the bank.*** The new Chairman and CEO of Global Wealth Management & Business Banking will be Raoul Weil, member of the Group Executive Board and currently head of Wealth Management International.
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> * * *
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> ***The Board of Directors and Peter Wuffli therefore decided to institute generational change only in UBS's operational management. Peter Wuffli will transfer all his functions, effective immediately, to Marcel Rohner, his deputy.*** The Board of Directors is extremely grateful to Peter Wuffli for his substantial contribution to the growth of UBS, especially to the expansion of its franchise, market position and brand strength. [Emphasis added.]

38. On July 23, 2007, the Company issued a press release entitled "Investor Optimism Declines Slightly in July." Therein, the Company, in relevant part, stated:

> ***Investor optimism dipped slightly in July, slipping two points to a level of 87,*** according to the UBS/Gallup Index of Investor Optimism. The Index is conducted monthly and had a baseline score of 124 when it was established in October 1996.
>
> The record performance of the equity markets during the first half of July fueled a rise in the Personal Dimension of the Index, which measures investors' optimism about their individual investment portfolios, causing it to increase four points to 71. In contrast, the Economic Dimension, which measures investors' optimism about the US economy, fell six points to 16, suggesting that investors are

> more cautious about the outlook for the economy over the next 12 months.
>
> ***"Despite the sharp rise in the stock market this summer, investors are showing concern about the health of the overall US economy given the ongoing weakness in the housing market, rising food and energy prices, and turmoil in the sub-prime mortgage market," said Maury Harris, Chief US Economist, UBS Investment Bank.***
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> * * *
>
> ***Local real estate remains a concern among investors, with 60 percent saying that conditions in their local community's residential market are getting worse, not getting better. This is up from 58 percent who held this view last month. Forty-one percent say that they are worried about the potential for a real estate crash in some local markets, up from 38 percent in June. Investors also worry about the problems in the sub-prime mortgage market spreading, as four in ten investors say that they are worried about a potential consumer credit crunch.***
>
> These findings are part of the 112th Index of Investor Optimism, which was conducted July 1-12, 2007. To track and measure Index changes on an ongoing basis, new samplings are taken monthly. Dennis J. Jacobe, Chief Economist for Gallup, said the sampling included 800 investors randomly selected from across the country. For this study, the American investor is defined as any person who is head of a household or a spouse in any household with total savings and investments of $10,000 or more. Nearly 40 percent of American households have at least this amount in savings and investments. The sampling error in the results is plus or minus four percentage points. [Emphasis added.]

39. The statements contained in ¶¶ 22-33 and 35-38 were materially false and misleading when made because defendants failed to disclose or indicate the following: (1) that UBS-held debt securities were severely impaired; (2) that defendants ignored the facts even though they were disclosed to them by executives at Dillon Read, a hedge fund subsidiary of UBS; (3) that defendants knew or should have known that additional securities were impaired, but failed to write down the portfolio carrying value of these securities; (4) that defendants specifically failed to write down the value of certain CDOs and mortgage-backed securities; (5)

that defendants had reported artificially inflated earnings that were based on unsupportable assumptions regarding likely defaults and loan repurchase requirements; (6) that defendants had inadequate reserves for their mortgage-related exposure; (7) that, as a result of the foregoing, the Company's financial statements were materially false and misleading at all relevant times; (8) that defendants had falsely forecasted strong future earnings, even though they knew that the deteriorating mortgage and credit markets would inevitably lead to a significant write-down of the Company's impaired assets; (9) that the Company lacked adequate internal and financial controls; and (10) that, as a result of the foregoing, the Company's statements about its financial well-being and future business prospects were lacking in any reasonable basis when made.

The Truth Begins to Emerge

40. On August 14, 2007, the Company issued a press release entitled "UBS Reports Second Quarter Result of CHF 5,622 Million" Therein, the Company, in relevant part, stated:

> **- Net profit attributable to UBS shareholders of CHF 5,622 million, up 79% from the same period a year earlier and 72% higher than first quarter 2007.**
>
> **-This includes a CHF 1,926 million post-tax gain from the sale of the 20.7% stake in Julius Baer and a charge of CHF 229 million after tax related to the closure of Dillon Read Capital Management (DRCM)**
>
> **- Including these two items, attributable profit from the financial businesses from continuing operations was CHF 5,152 million, with return on equity at 33.0%, diluted EPS of CHF 2.69, and a cost/income ratio of 62.0%**
>
> **- Excluding these two items, attributable profit from the financial businesses from continuing operations would have been CHF 3,455 million, up 14% from the same period a year earlier and 9% higher than the record first quarter 2007 performance**

- Excluding the same items, diluted EPS from continuing operations was CHF 1.84, return on equity 29.8% and the cost/income ratio 68.0%

- Net new money inflows in second quarter 2007 remained strong. In the wealth management units, inflows totaled CHF 35.2 billion, with strong contributions from all regions

UBS reports net profit attributable to shareholders of CHF 5,622 million in second quarter 2007. This quarter's results include two items that had a significant impact on performance. The first item is the CHF 1,926 million post-tax gain from the sale of the 20.7% stake in Julius Baer, a result of the disposal of Private Banks & GAM in 2005. As the stake was held as a financial investment available-for-sale in UBS's accounts, the gain from its sale is included in performance from continuing operations. It is, however, no longer part of the continuing business, and UBS believes that isolating its impact provides a clearer picture of performance. The second item is the charge of CHF 229 million after tax related to the closure of Dillon Read Capital Management (DRCM), recorded in Global Asset Management. Excluding these two items, attributable profit in UBS's core operational businesses (financial businesses' attributable profit from continuing operations) would have been CHF 3,455 million, up 14% from the same period a year earlier and 9% higher than the record first quarter 2007 performance.

* * *

The performance in fixed income, however, was not satisfactory. Continued difficulties in the US mortgage securities market led to lower revenues in the rates business and further losses on some of DRCM's former portfolios, which contributed net negative revenues of approximately CHF 230 million in second quarter 2007. These developments were partially offset by robust credit fixed income results, which rose on global credit trading and proprietary strategies.

Total operating expenses rose 21% to CHF 9,695 million in second quarter 2007 from the same quarter a year earlier. Approximately a fourth of the cost rise was attributable to the closure of DRCM. For the other parts of UBS, accruals for performance-related payments increased in line with revenues. Personnel expenses rose due to higher numbers of personnel, partially related to acquisitions, including Piper Jaffray and McDonald Investments. General and administrative expenses rose, with administration costs up partly due the inclusion of the acquisition of Banco Pactual. Professional

> fees rose due to the closure costs related to DRCM and higher legal fees. The expansion of UBS's businesses and the related increases in personnel drove travel and entertainment costs and expenses for office space higher. IT and other outsourcing costs rose on the increased business volume. The number of personnel in the financial businesses was 81,557 on 30 June 2007, up 920 compared with the end of first quarter 2007, with staff levels increasing across most business groups.
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> * * *
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> **Closure of Dillon Read Capital Management**
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> ***In May, UBS announced that DRCM, an alternative investment venture launched in 2006, had not met expectations and, as a result, it had decided to close the business.*** This process has now been completed. ***UBS paid back CHF 1.5 billion in outside investor interests, with clients receiving a positive return on their original investment. The portfolios, plus UBS's own capital that was previously managed by DRCM, have moved to the Investment Bank and are now managed within the fixed income division in an integrated fashion. The closure of DRCM led to a charge against profits of CHF 384 million pre-tax (CHF 229 million after tax).*** This includes accelerated amortization of deferred compensation of former DRCM employees and, to a lesser extent, write-downs for DRCM office leasehold improvements. Moreover, 122 of the 230 DRCM employees were transferred from Global Asset Management to the Investment Bank.
>
> **Outlook**
>
> ***This quarter's downturn in credit and equity markets was a timely reminder of the nature of financial risk, and has continued into third quarter. The asset and wealth management businesses show sustained strength, and investment banking deal pipelines remain promising. However, markets are currently very volatile, and forecasting is even more difficult than usual. If the current turbulent conditions prevail throughout the quarter, UBS will probably see a very weak trading result in the Investment Bank, offset by predictable earnings from wealth and asset management. This makes it likely that profits in the second half of 2007 will be lower than in the second half of last year.*** [Emphasis added.]

41. Also on August 14, 2007, the Company filed its Quarterly Report with the SEC on

Form 6-K. The Company's 6-K reaffirmed the Company's financial results announced in its press release of the same day.

42. On this news, the Company's shares fell $2.60 per share, or 4.81 percent, to close on August 14, 2007 at $51.49 per share, on unusually heavy trading volume.

43. On October 1, 2007, the Company issued a press release entitled "UBS Writes Down Positions, Predicts an Overall Loss in Third Quarter, and Reorganizes Management." Therein, the Company, in relevant part, stated:

> Commenting on these decisions, Marcel Rohner, Group CEO said:
>
> ***"On August 14, I said that if turbulent conditions prevail throughout the quarter, we will probably see a very weak trading result in the Investment Bank, offset by predictable earnings from wealth and asset management. In fact, conditions remained turbulent, so we will make an overall pre-tax loss at Group level for the quarter.***
>
> Our first quarterly loss in nine years is an unsatisfactory result, especially after such a strong first half. I have therefore taken decisive action to be as transparent as possible. I have also made appropriate senior management changes, and will accelerate already-planned changes to the firm. Following these actions, UBS is in a strong position to continue to grow its client businesses.
>
> ***Despite the unsatisfactory results for the third quarter, we still expect to end the year with a good level of profits and in a strong capital position.*** All other businesses in the Investment Bank, and our Global Wealth Management & Business Banking and Global Asset Management businesses, continue to record good results. UBS remains a formidable competitor in financial services and is well positioned to deliver long-term profitable growth."
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> * * *
>
> ***When most mortgage backed securities positions were set up there were offsetting positions in place, designed to mitigate risk in normal market conditions. However, the deterioration in the US sub prime residential mortgage backed securities market, especially in August, was more sudden and more severe than in recent history, and markets became illiquid. This led to substantial valuation losses, including in securities with high***

> ***credit ratings. Management action has been taken to make certain these positions are appropriately valued and risk managed.***
>
> * * *
>
> ***The marks take a cautious view of future developments in the US mortgage market and UBS is content to hold these securities at this level of valuation.***
>
> ***The remaining relevant positions in direct sub prime RMBS have a current net value of USD 19 billion. These positions consist overwhelmingly of AAA-rated tranches, 80% with a weighted average life of less than three years. There is also a smaller position of below USD 4 billion net exposure to sub prime securities through warehouse lines and retained CDOs. These securities are either AAA-rated or High Grade, and have a short weighted average life.*** [Emphasis added.]

44. The market did not react negatively to this news, as the Company's write-downs and charges were in line with other banks' recent write-downs and charges in connection with their CDO and subprime exposure.

45. On October 12, 2007, The Wall Street Journal published an article entitled "U.S. Investors Face An Age of Murky Pricing." Therein, the article, in relevant part, stated:

> ***The hazards of this new age of uncertainty became clear at Dillon Read in March, when rising defaults by homeowners were hammering the value of mortgage securities. John Niblo, a hedge-fund manager at the firm, acted fast. He twice slashed his fund's valuation of securities tied to "subprime" mortgages, knocking them down by about 20%, or nearly $100 million, say traders familiar with the matter.***
>
> ***But managers at UBS AG, Dillon Read's parent company, were livid. The Swiss banking giant was carrying similar securities on its books at a far higher price, the traders say. In conference calls, the UBS managers grilled Mr. Niblo on his move. "I'm marking to where I could reasonably sell them," Mr. Niblo responded during one call, according to the traders familiar with the conversations.***
>
> ***UBS later shut down the in-house hedge fund, and Mr. Niblo was let go in August. Last week, UBS announced a $3.7 billion***

> ***write-down on $23 billion of securities with mortgage exposure, including securities from the shuttered fund.*** [Emphasis added.]

46. Then on October 30, 2007, UBS issued a press release entitled "UBS Reports Third Quarter Loss of CHF 726 Million Pre-Tax, In Line With Announcement On 1 October 2007." Therein, the Company, in relevant part, further revealed:

> ***UBS reports an operating loss, before tax and minority interests, of CHF 726 million in third quarter 2007. This is within the range given in the announcement on 1 October 2007 forecasting a loss of CHF 600-800 million. After tax and minority interests, the net loss attributable to shareholders was CHF 830 million.***
>
> ***"Our third quarter result was unquestionably disappointing. However, we have introduced a number of measures to improve performance. With the new management team, we are implementing changes to address the weaknesses that led to the losses. These include the management, structure, and size of our balance sheet. We are also taking steps to strengthen our market risk management and control framework,"*** said Marcel Rohner, UBS Chief Executive Officer.
>
> ***The deterioration in UBS's performance in third quarter was mainly due to the substantial losses and writedowns in trading positions related to the US sub-prime residential mortgage-backed securities market, leading to revenues of negative CHF 4.2 billion in the Investment Bank's fixed income, currencies and commodities business.***
>
> ***When these positions, which are sizeable, were taken and of which UBS still holds a proportion, UBS offset them to some extent with hedges that were designed to mitigate risk in normal market conditions. However, the deterioration in the US sub-prime market, especially in August, was so severe and sudden that markets turned illiquid. There was a substantial deterioration in the value of these securities – including those with high credit ratings. Conditions in the US housing market continued to be weak in the quarter, and the end-September valuations UBS has put on its holdings of US mortgage-linked securities reflect this.***
>
> UBS's other businesses, however, showed sustained strength. The wealth management businesses had an excellent quarter, with record levels of profitability. Asset gathering performance remained strong, with inflows of net new money in the wealth

management businesses totaling CHF 40.2 billion in the quarter. Fees in both wealth and asset management remained high, driven by the level of invested assets, which stood at CHF 3.1 trillion on 30 September 2007.

* * *

Outlook

The fourth quarter has started with good results from all businesses, including the Investment Bank. However, the FICC business remains exposed to further deterioration in the US housing and mortgage markets as well as rating downgrades for mortgage-related securities, which could lead to further writedowns on the positions. As a result, UBS is not assuming that the quarter will continue as positively as it has begun, or that the current difficulties will be resolved in the short term. To be specific, we believe it is unlikely that the Investment Bank will contribute positively to UBS results for the last three months of the year. Markets remain uncertain, but based on current information, the Group should return to profitability in fourth quarter 2007. [Emphasis added.]

47. Also on October 30, 2007, the Company filed its Quarterly Report with the SEC on form 6-K. The Company's 6-K reaffirmed the Company's financial results announced in its press release of the same day.

48. Then, on December 10, 2007, UBS issued a press release entitled, "UBS Strengthens Capital Base and Adjusts Valuations." Therein, the Company, in relevant part, stated:

UBS revises its outlook for its fourth quarter 2007 from an overall Group profit, as anticipated in its announcement of 30 October 2007, to a loss. It is now possible that UBS will record a net loss attributable to shareholders for the full year 2007.

In response to continued deterioration in the US sub-prime mortgage securities market, partly driven by increased homeowner delinquencies but mainly fuelled by worsening market expectations of future developments, ***UBS has revised the assumptions and inputs used to value US sub-prime mortgage related positions. This will result in further writedowns of around USD 10 billion, primarily on CDO and "super senior" holdings.***

> In light of continued deterioration in the sub-prime market, valuations of UBS's remaining sub-prime positions reflect the extreme loss projections implied by the prices achieved in the very limited number of observable market transactions in US sub-prime related securities and indices up to the end of November. [Emphasis added. Internal references omitted.]

49. On this news, the Company's shares fell an additional $2.88 per share, or 5.57 percent, to close on December 11, 2007 at $48.78 per share, on unusually heavy trading volume.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

50. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased UBS's securities between February 13, 2006 and December 11, 2007, inclusive (the "Class Period") and who were damaged thereby. Excluded from the Class are defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

51. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, UBS's securities were actively traded on the New York Stock Exchange ("NYSE"). While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by UBS or, its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

52. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants' wrongful conduct in violation of

federal law that is complained of herein.

53. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

54. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by defendants' acts as alleged herein;

(b) whether statements made by defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of UBS; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

55. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

UNDISCLOSED ADVERSE FACTS

56. The market for UBS's securities was open, well-developed and efficient at all relevant times. As a result of these materially false and misleading statements, and failures to disclose, UBS's securities traded at artificially inflated prices during the Class Period. Plaintiff

and other members of the Class purchased or otherwise acquired UBS's securities relying upon the integrity of the market price of UBS's securities and market information relating to UBS, and have been damaged thereby.

57. During the Class Period, defendants materially misled the investing public, thereby inflating the price of UBS's securities, by publicly issuing false and misleading statements and omitting to disclose material facts necessary to make defendants' statements, as set forth herein, not false and misleading. Said statements and omissions were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about the Company, its business and operations, as alleged herein.

58. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, defendants made or caused to be made a series of materially false or misleading statements about UBS's financial well-being and prospects. These material misstatements and omissions had the cause and effect of creating in the market an unrealistically positive assessment of UBS and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein.

LOSS CAUSATION

59. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

60. During the Class Period, Plaintiff and the Class purchased UBS's securities at artificially inflated prices and were damaged thereby. The price of UBS's securities significantly declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

SCIENTER ALLEGATIONS

61. As alleged herein, defendants acted with scienter in that defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, defendants, by virtue of their receipt of information reflecting the true facts regarding UBS, their control over, and/or receipt and/or modification of UBS's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning UBS, participated in the fraudulent scheme alleged herein.

Applicability of Presumption of Reliance: Fraud On The Market Doctrine

62. At all relevant times, the market for UBS's securities was an efficient market for the following reasons, among others:

(a) UBS's securities met the requirements for listing, and were listed and actively traded on the NYSE, a highly efficient and automated market;

(b) As a regulated issuer, UBS filed periodic public reports with the SEC and

the NYSE;

(c) UBS regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

(d) UBS was followed by several securities analysts employed by major brokerage firms who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

63. As a result of the foregoing, the market for UBS's securities promptly digested current information regarding UBS from all publicly-available sources and reflected such information in the price of UBS's securities. Under these circumstances, all purchasers of UBS's securities during the Class Period suffered similar injury through their purchase of UBS's securities at artificially inflated prices and a presumption of reliance applies.

NO SAFE HARBOR

64. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. Many of the specific statements pleaded herein were not identified as "forward-looking statements" when made. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded

herein, defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of UBS who knew that those statements were false when made.

FIRST CLAIM
Violation of Section 10(b) of The Exchange Act and Rule 10b-5 Promulgated Thereunder Against All Defendants

65. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

66. During the Class Period, defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase UBS's securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, defendants, and each of them, took the actions set forth herein.

67. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for UBS's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

68. Defendants, individually and in concert, directly and indirectly, by the use, means

or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about UBS's financial well-being and prospects, as specified herein.

69. These defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of UBS's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and omitting to state material facts necessary in order to make the statements made about UBS and its business operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of UBS's securities during the Class Period.

70. Each of the Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants

was aware of the Company's dissemination of information to the investing public which they knew or recklessly disregarded was materially false and misleading.

71. The defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing UBS's financial well-being and prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by defendants' overstatements and misstatements of the Company's financial well-being and prospects throughout the Class Period, defendants, if they did not have actual knowledge of the misrepresentations and omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

72. As a result of the dissemination of the materially false and misleading information and failure to disclose material facts, as set forth above, the market price of UBS's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of UBS's securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by defendants, or upon the integrity of the market in which the securities trades, and/or in the absence of material adverse information that was known to or recklessly disregarded by defendants, but not disclosed in public statements by defendants during the Class Period, Plaintiff and the other members of the Class acquired UBS's securities during the Class Period at artificially high prices and were damaged thereby.

73. At the time of said misrepresentations and omissions, Plaintiff and other members

of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that UBS was experiencing, which were not disclosed by defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their UBS securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

74. By virtue of the foregoing, defendants have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

75. As a direct and proximate result of defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

SECOND CLAIM
Violation of Section 20(a) of
The Exchange Act Against the Individual Defendants

76. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

77. The Individual Defendants acted as controlling persons of UBS within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. The Individual Defendants were

provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

78. In particular, each of these defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

79. As set forth above, UBS and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

(a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;

(b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

(c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: January 29, 2008

Respectfully submitted,

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